

# LEGISLATIVE AUDIT DIVISION

Scott A. Seacat, Legislative Auditor  
John W. Northey, Legal Counsel



Deputy Legislative Auditors:  
Jim Pellegrini, Performance Audit  
Tori Hunthausen, IS Audit & Operations  
James Gillett, Financial-Compliance Audit

**TO:** Legislative Audit Committee Members

**FROM:** Jim Pellegrini, Deputy Legislative Auditor, Performance Audits

**DATE:** November 30, 2005

**RE:** Follow-up to Performance Audit: Telework in Montana State Government, Various Agencies (#03P-01).

## **INTRODUCTION**

The Legislative Audit Committee prioritized performance audit work to examine state government's use of and potential for expansion of telework in state government. The performance audit contained one two-part recommendation. This memorandum summarizes information on the implementation status of each audit recommendation.

### **Overview**

Telework can be defined as a flexible work arrangement where designated employees work one or more days a week from home or an alternative worksite instead of physically traveling to a central workplace. Increasing numbers of public and private sector employees telework. While employers incur implementation costs, benefits include reduce office space needs, increased productivity, and improved recruitment and retention.

The Governor's Office implemented both parts of the recommendation by encouraging the cabinet to implement telework when it is in the state's interest and designating the Department of Administration (department) as the lead agency. The department has developed program materials, guidelines, and model telework policies and employee agreements to facilitate agency implementation.

## **BACKGROUND**

Telework can be defined as a flexible work arrangement where designated employees work one or more days a week from home or an alternative worksite instead of physically traveling to a central workplace. Nationally, employers are increasing opportunities for telework, with an estimated 20 percent of employees teleworking one or more days a week. Telework is appropriate or preferable for many jobs that may not require employees' presence in a traditional office environment, such as field evaluations, computer programming, financial analysis, and technical writing. Other factors that have accelerated increased use of telework include:

- Internet growth. Internet expansion has increased the demand for home computers, resulting in more home offices and the ability to work from home.
- Technological advances. Laptop computers, cell phones, fax machines, digital communication networks, and other technologically advanced equipment and services have equipped employees for working at home or in remote worksites.
- Career/family balance. Many employees seek a balance between family and careers, and telework can reduce commuting time and increase flexibility to better accommodate family and community activities.

Employers also recognize the benefits and cost-saving of telework, such as:

- Reduced costs. Providing equipment for home offices or telework centers in outlying areas may be less costly than expanding or moving offices as a workforce expands.
- Increased productivity. Reduced commuting time, fewer work interruptions, and employee desire to retain telework options can lead to a 15 to 20 percent productivity increase.
- Improved employee recruitment. Telework can expand an agency's recruitment pool, attracting candidates from outside the normal recruiting area or persons interested in working at least part-time out of their homes.
- Improved employee retention. Employees who enjoy the flexibility telework offers are less likely to leave a job, which reduces training and recruiting costs.

To examine the implementation status of report recommendations, we reviewed the state's telework policy and the department's guide for implementing telework.

### **FOLLOW-UP AUDIT FINDINGS**

The following sections summarize the report's findings and recommendations, and our assessment of the agency's actions to implement the recommendations.

### **STATE GOVERNMENT COULD EXPAND THE USE OF TELEWORK**

Although many state government jobs are suitable for telework, many state agencies had not included telework in their management options. Consequently, the state had room to expand telework opportunities to help reduce costs and improve employee retention and recruitment capabilities. Since the Department of Administration had completed considerable work to help state agencies implement telework, the department was a good candidate to be the lead agency for increasing telework in Montana state government.

#### **Recommendation #1:**

We recommended the Governor:

- A. Encourage expansion of a state agency-wide telework program.
- B. Designate the Department of Administration as the lead agency in implementing the program.

### **Implementation Status**

The previous administration under Governor Martz implemented the recommendation, bringing the information to the cabinet's attention and recommending implementation when telework is in the state's interest. Additionally, the Department of Administration was designated the lead agency for implementing the program.

The current administration under Governor Schweitzer is building upon the previous administration's efforts, including telework as part of the state's efficiency and energy savings initiatives. Governor Schweitzer also indicated a special emphasis on teleworking will be presented to agency directors for their consideration.

### **Department of Administration Efforts**

The Department of Administration has developed the following resources to assist agencies implement telework:

- **Telework Policy.** The state's telework policy sets standards for agency implementation and use of telework. The policy only allows employees to telework from a home in Montana or from an alternative worksite in Montana.
- **Telework Guide.** The department's telework guide provides agencies useful information for establishing agency telework policies and evaluating telework's appropriateness for different jobs. The guide also includes a model agency-employee agreement for any employee approved to telework.

Additionally, state policy requires each agency submit a report about the number of employees designated and engaged in telework within 90 days after fiscal-year-end. The first report is scheduled for October 2006.

### **Future Follow-up Work**

Since the department does not have current information about the extent agencies use telework, our office could conduct additional follow-up work after October 2006. Further follow-up work would focus on providing the Committee and legislators with information about the number of telework employees and impacts telework has had on agency costs and employee productivity, recruitment, and retention.

- c: Governor Brian Schweitzer  
Bruce Nelson, Chief of Staff, Governor's Office  
Janet Kelly, Director, Department of Administration  
Steve Bender, Deputy Director, Department of Administration